

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8023

BILL NUMBER: HB 1924

DATE PREPARED: Mar 4, 1999

BILL AMENDED: Mar 4, 1999

SUBJECT: Medical Records Privacy.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that an employee has the right to examine and receive a copy of the employee's medical records. The bill provides a mechanism by which an employee may request and provide corrections to the employee's medical records. It also requires that an entity possessing an employee's medical records not collect, use, or disclose the employee's personal health information except under certain circumstances. The bill requires the entity to keep a record of each disclosure of an employee's personal health information for five years. It also provides circumstances under which an entity possessing an employee's medical records may disclose information contained in the medical records to a research organization without the employee's consent.

The bill provides specific civil penalties that apply to an entity possessing an employee's medical records or to a research organization that knowingly or intentionally obtains an employee's personal health information or discloses an employee's personal health information to another person for reasons other than those provided by law. The bill provides certain information a billing review service must provide to a medical service provider if the medical service provider requests an explanation regarding the reduction of a bill. It also allows the Workers Compensation Board to fine a billing review service that does not comply with the law or that provides false information to a medical service provider.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) This bill provides penalties for violation of the bill's provisions.

A trustee or research organization that knowingly or intentionally obtains personal health information relating to an employee or discloses personal health information to another person commits a Class A misdemeanor and is subject to a \$100,000 civil penalty. If the violation is knowingly or intentionally

committed (under certain specified conditions), the civil penalty may be in the amount not to exceed \$250,000. A civil penalty of at least \$100 and not more than \$1,000 is provided for each violation of the bill's provisions by a billing review service.

If additional court cases occur and fines are collected, revenue to the Common School Fund and the state General Fund could increase. The maximum fine for a Class A misdemeanor is \$5,000.

Criminal fines are deposited in the Common School Fund. Civil penalties are deposited into the state General Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: A Class A misdemeanor is punishable by up to one year in jail. The average cost per day is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed, and if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Workers Compensation Board, Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Sheriffs Association, Department of Correction.